

Presentation to the Financial Community

First Half 2009 Results



saipem

July 2009

Forward-Looking Statements

Forward-looking statements are based on a number of assumptions and expectations that could ultimately prove inaccurate, as they are subject to risks and variables, outside the company's control, that could cause actual results to differ materially, including currency fluctuations, the level of capital expenditure in the oil and gas industry as well as other industries, the timing of development of energy resources, construction and project risks, armed conflict or political instability in the Arabic Gulf or other regions, the strength of competition and interest rate fluctuations.

Presentation Outline

- First Half 2009 Financial Results
- Oil & Gas Industry Market Outlook – What’s Changed?
- Saipem’s Strategy for Current (Weak) Market
- Saipem Medium/ Long Term Strategy
Focus on ‘Tough Trends’:
 - 1. Hydrocarbons in Developing Countries ➡ Focus on Onshore
 - 2. Deep/Ultra-Deep Water
 - 2.a. Drilling
 - 2.b. Field Development
 - 3. Extreme Pipelines
- Conclusions

First Half 2009 Financial Results





saipem

Financials

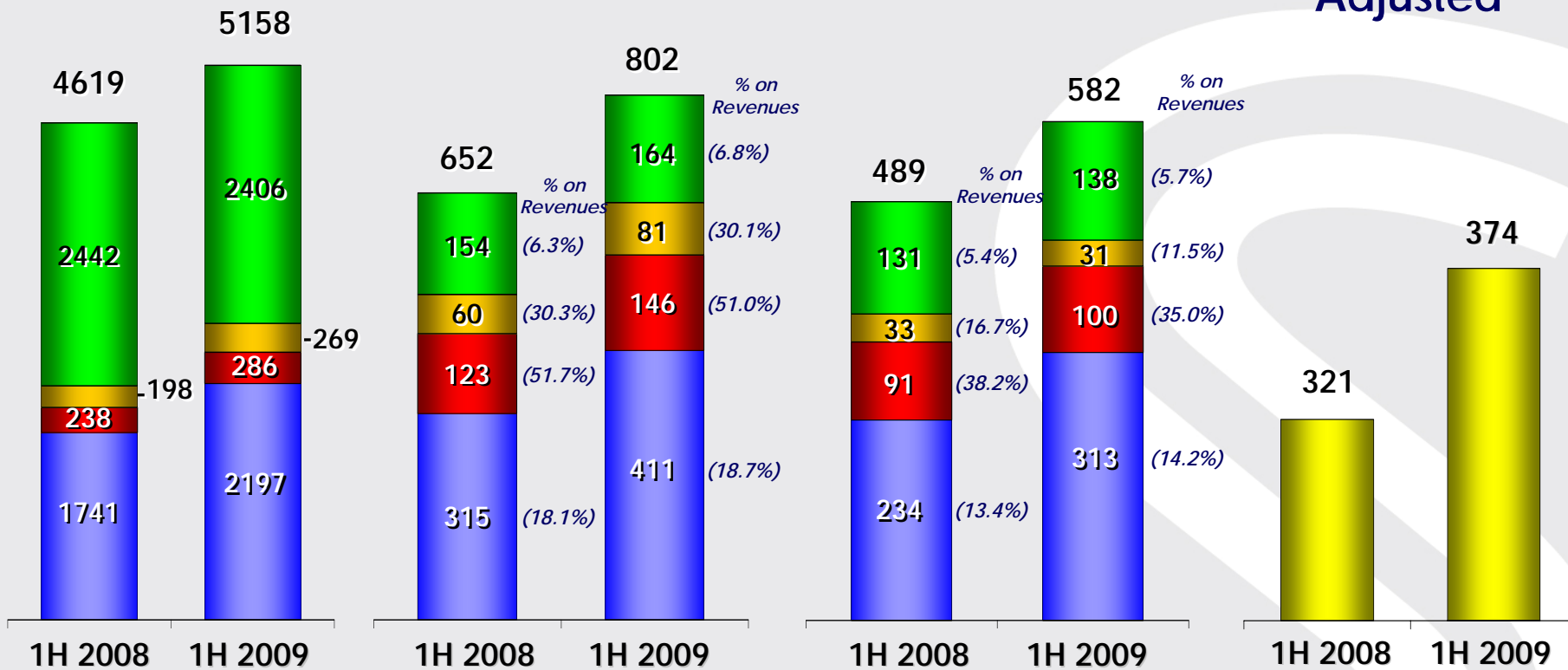
(MIn €)

Revenues

EBITDA

EBIT

Net Profit Adjusted



Saipem Group Business Units

Offshore

Drilling

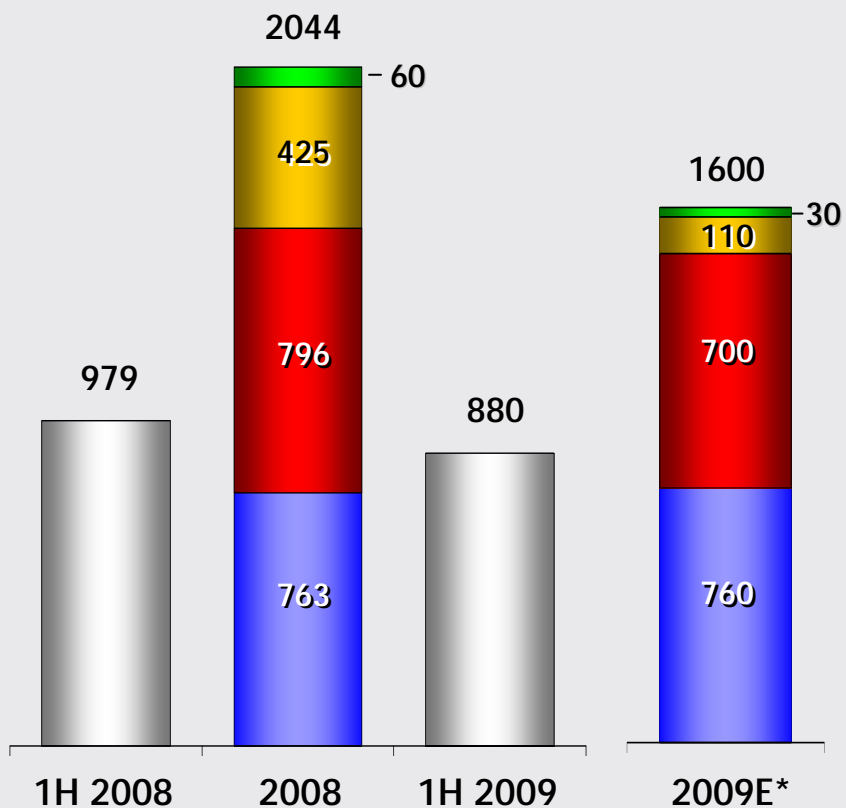
Offshore
 Onshore

Onshore

Financials

(Mln €)

Capex

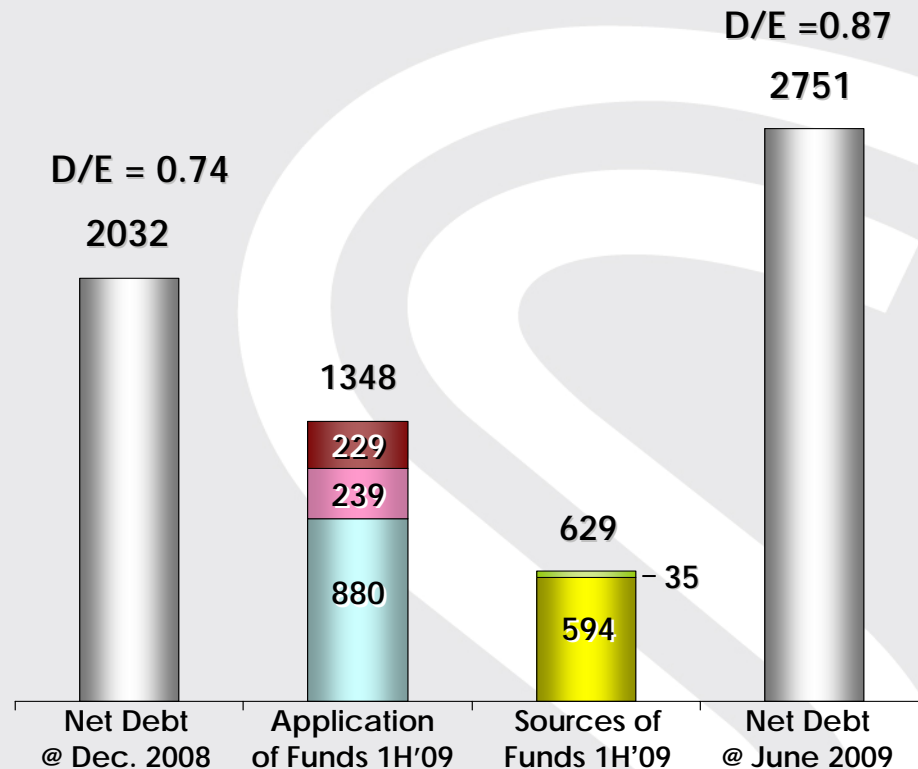


Offshore Onshore

Drilling { Offshore Onshore

(*) Amount does not include Euro 100 Mln approx. related to new possible FPSO initiative

Sources and Application of Funds, Net Debt & D/E Ratio



Outflows

- Working Capital and Others
- Dividends
- Capex

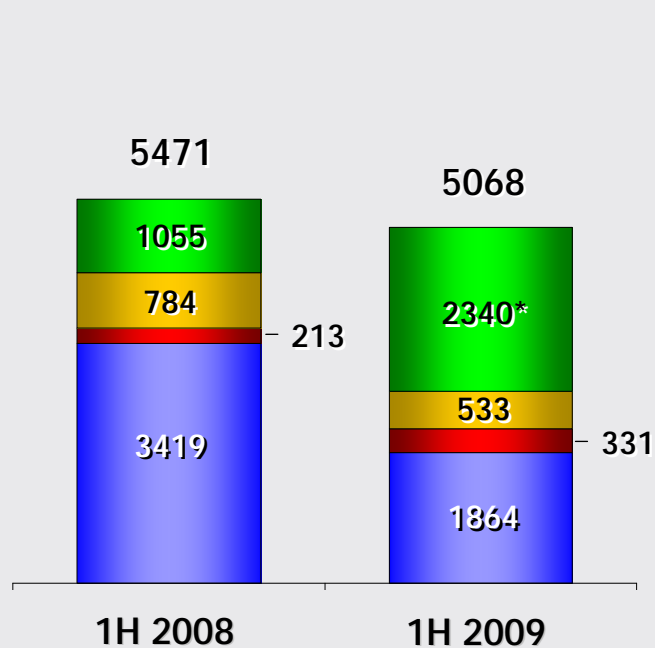
Inflows

- Cash from Disposals
- Cash Flow (Net Profit + Depreciation)

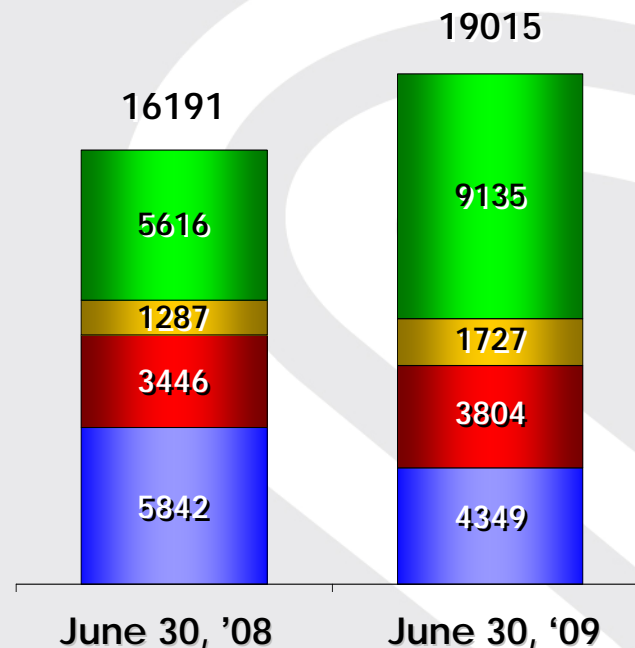
Contract Acquisitions & Backlog

(Mln €)

New Contract Acquisitions



Backlog



(*) Net of the Euro 100 Mln reduction from the Manifa contract

Saipem Group Business Units

 Offshore

 Drilling

 Offshore
 Onshore

 Onshore



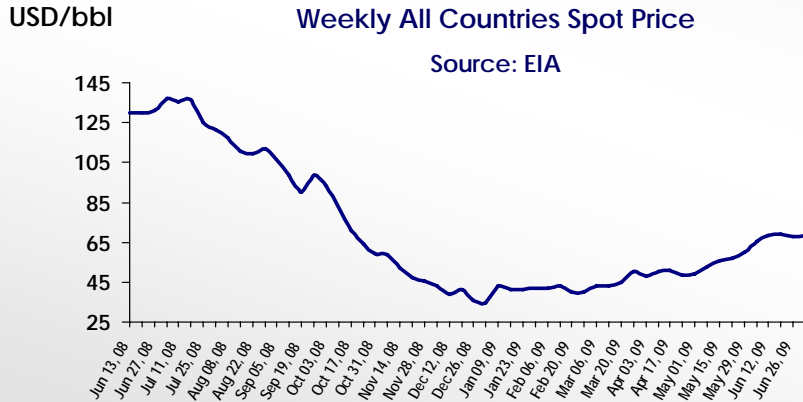
saipem

Market Outlook

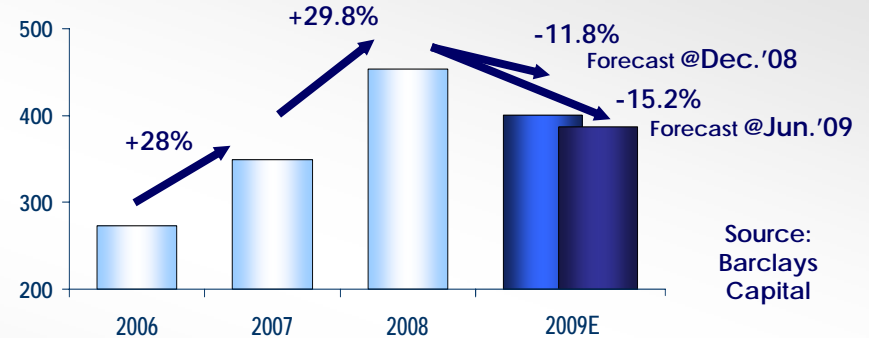
Oil & Gas Industry Market Outlook

What's Changed?

High Oil Price Volatility



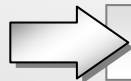
E&P Spending Outlook



Weak Demand - Oil Services market still challenging - Uncertainty to continue

Our 'Hunch':

- Short Term:**
- E&P Investments Suffer, with Few Exceptions (Algeria, Middle East, Kazakhstan, etc)
- Medium Term:**
- Economy Recovers, Oil Price stabilizes at a level compatible with new large-field development
 - Oil Co. Shareholders - 'irritated' at Production and Reserve Replacement declines - demand action



Oil Companies will 'rush' to make up for lost time...

...Except that new 'Frontier Projects' will be tougher than before

Oil & Gas Industry Market Outlook

What's Changed? (continued)

Future Tough Trends:

Hydrocarbons in Developing Countries → Focus on Onshore

This Presentation
Slide 15

Drilling Fleet can explore beyond 3,000 meter water depth
Development Fleet hasn't kept pace

This Presentation
Slide 16-17

Pipelines are More Extreme: Longer, Larger, Deeper, Colder, etc.

This Presentation
Slide 18

'Arctic' development Equipment & Methods largely neglected

Challenges require Long-term View

Saipem's Strategy for Current (Weak) Market

Saipem's Strategy for Current (Weak) Market

- Market Background -

Past: 2003-2008

Present: 2009 - ?

Future:

- Schedule vs. Cost Emphasis –
'rush to make up for lost time' (from previous downturn)
- Recession: Cost vs. Schedule Emphasis
- Tougher Projects: new 'Rush to Make up For Lost Time'

- Caveats -

Avoid the 'Cut Prices & Hope for the Best' Syndrome

Last Downturn brought 'Twin Curses':

- Aggressive Contracting
- Key People Layoffs



Hugely Weakened Contractors, well beyond Downturn

- Saipem' perspective -

- Implement short term improvements in efficiency ('low hanging fruit')
- Work with Clients to eliminate project redundancy, 'nice-to-haves' etc
- Contract so that Contingency is stripped out → Clients take the 'what-if' risks
- Maintain Strong Bidding Discipline → Avoid Bad Contracts (helped by record-level backlog)

But Mainly: {

- Nurture Core Competencies
- Invest for 'Tough Future'

Saipem Choice: Improve, Nurture Competencies, Work with Clients, Invest in Future



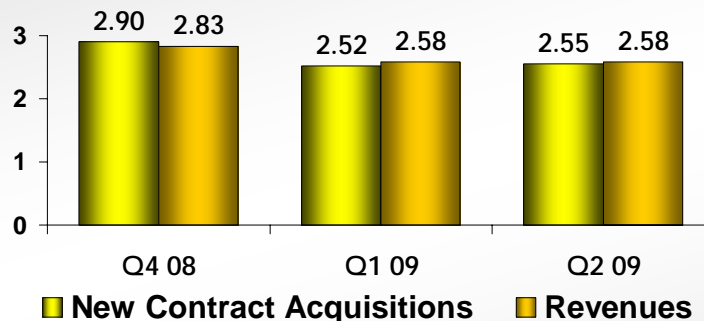
saipem

Saipem's Strategy for Current (Weak) Market (continued)

Backlog
@ Sep. 30, '08

19.04
€ Bln

€ Bln



Backlog
@ Jun. 30, '09

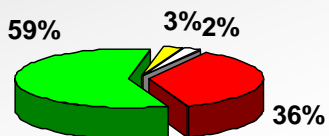
19.01
€ Bln

Record Backlog Maintained: Better than Expected

Saipem Exposure to High Quality - Resilient Markets

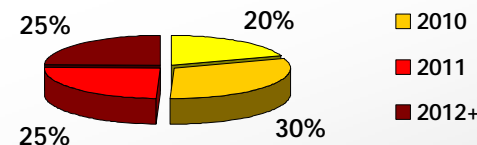
- Major & Supermajor
- National
- Independent
- Others*

by Client



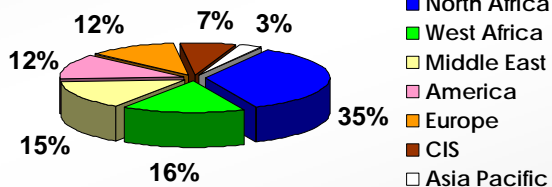
Backlog € 19.015 Bln
@ June 30, 2009

by Year of Execution



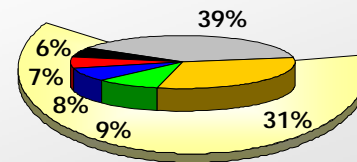
(*) Mainly-downstream, Smaller and Others

by Geo Area



by Country - Local Content Focus

- Algeria
- Saudi Arabia
- Angola
- Nigeria
- Kazakhstan
- Others



More than 60% of present backlog in Countries where Saipem has a strong Local Content Commitment

Maintain a Strong Bidding Discipline during Downturn



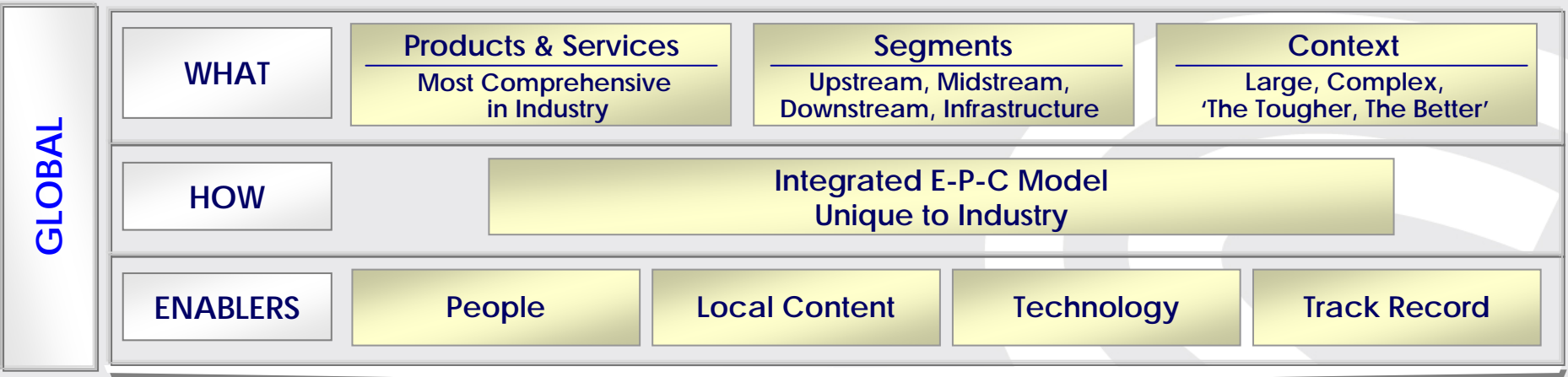
saipem

Saipem Medium/Long Term Strategy - Focus on 'Tough Trends'

Saipem Medium/ Long Term Strategy - Focus on 'Tough Trends'

1. Hydrocarbons in Developing Countries → Focus on Onshore

Saipem Onshore Advantage



Country-Specific Needs

LOCAL	Examples	Algeria	Saudi Arabia	Nigeria
	Country's Production & Reserves *	Reserves: 21,378 mm BOE 2008 Production: 3.5 mm BOE/d '08-'13 Prod. Estimate Change: -9%	Reserves: 201,712 mm BOE 2008 Production: 11.9 mm BOE/d '08-'13 Prod. Estimate Change: +14%	Reserves: 32,183 mm BOE 2008 Production: 2.9 mm BOE/d '08-'13 Prod. Estimate Change: +63%
	Saipem Presence	Since 1975. Hassi Messaoud Logistic Base. Algiers Engineering Centre.	Since 1976. Dammam Logistic Base.	Since late 1960s. Rumuolumeni Base-Yard. Several partnership with Nigerian Indigenous Co.
	Saipem <i>Onshore E&C</i> Backlog	€ 5.9 Bln	€ 1.4 Bln	€ 0.6 Bln

(*) Source: Wood Mackenzie and Deutsche Bank

2.a. Deep/Ultra-Deep Water: Drilling

Saipem Deep/Ultra-Deep Drilling Fleet

Present



Saipem 10000
Ultra-deepwater Drillship
WD 3,000 m



Scarabeo 5
4th gen. Semisub
WD 1,800 m



Scarabeo 7
4th gen. Semisub
WD 1,500 m

Future



Saipem 12000
Ultra-deepwater Drillship
WD 3,600 m

Delivery
March 2010

Start of Activities for 5-Years Contracts
May 2010



Scarabeo 8
6th gen. Semisub
WD 3,000 m

Delivery
March 2010

Start of Activities for 5-Years Contracts
June 2010



Scarabeo 9
6th gen. Semisub
WD 3,600 m

Delivery
April 2010

Start of Activities for 5-Years Contracts
June 2010

By Mid-2010 Saipem Drilling Fleet Geared for Toughest Challenges

Saipem Medium/ Long Term Strategy - Focus on 'Tough Trends'

2.b. Deep/Ultra-Deep Water: Field Development

Saipem Track-Record: the Toughest Challenges in the Largest Fields

Canyon Express <i>Max WD: 2,200m</i> US Gulf of Mexico 2000-2002	Kizomba A Tie-Back System 1,200m Angola Block 15 2001-2004	Kizomba B Tie-Back System 1,100m Angola Block 15 2002-2005	Rosa SURF Development 1,400m Angola Block 17 2003-2007	Marimba North EPC3 System 1,400m Angola Block 15 2005-2007	Akpo Field Development 1,350m Nigeria OML 130 2005-2009	West Delta Deep Marine Ph. IV 1,000m Egypt 2006-2008	Sequoia 533m Egypt West Delta Deep Marine Conc. 2008-2009	USAN 850m Nigeria OML 138 2008-2011	Kizomba Satellites* 1,200m Angola Block 15 *Awarded in Q3'09 (not included in 1H'09 Figures)
--	--	--	--	--	---	--	---	---	---

Unique Assets

Subsea Construction Vessels



Engineering

Engineering Centres:

- Paris (Saibos)
- Fano
- Milan
- Emerging centres

R&D

Examples:

- Risers
- Flow Assurance Technologies
- Subsea Production



Tailored for our Yards and Vessels

Local Content

Fabrication Yards

In Nigeria:

- Rumoulumeni

In Angola:

- Ambriz
- Soyo



Sonsub



12 Support Vessels

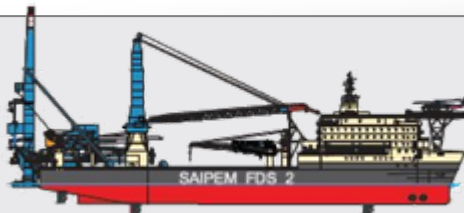


76 ROVs

Ready for the Future

Saipem FDS 2

UNDER CONSTRUCTION



'Step-Change' Vessel for emerging Ultra-Deep Frontier

DP3 Vessel with J-lay tower, max capacity 2,000 t for Ø 36" pipe, in water depths of up to 3,000 m. Also designed for S-lay.

Delivery Q2 11

A Primary Player for Break-through Projects

Saipem Medium/ Long Term Strategy - Focus on 'Tough Trends'

3. Extreme Pipelines - Longer, Larger, Deeper, Colder, etc.

Saipem Offshore Track Record (sample)

Blue Stream

Russia-Turkey
380 km
x 2 lines
Ø 24"
Max WD 2,150m

Green Stream

Libya-Sicily
520 km
1 line
Ø 32"
Max WD 1,120m

Dolphin

UAE (Ras Laffan-Dolphin)
350 km
1 line
Ø 48"
Max WD 50m

Medgaz

Algeria-Spain
210 km
1 line
Ø 24"
Max WD 2,160m

Awarded Q2 2008
Laying start in 2010

Nord Stream

Russia-Germany
1,220 km
x 2 lines
Ø 48"
Max WD 100m

Offshore Market Prospects

- Examples:**
- Galsi:** Algeria-Sardinia 285km - 1 line
Ø 26" Max WD 2,880 m
 - Galsi:** Sardinia-Tuscany 275km - 1 line
Ø 32" Max WD 850 m
 - Shtokman Ph.1:** Barents Sea
550km x2 lines
Ø 42" Max WD 370 m
 - South Stream:** Russia-Bulgaria
920km x2 lines
Ø 24" Max WD 2,200 m

More 'Extreme'

Offshore Fleet

Present

Castoro Sei
Castoro 7

Saipem 7000

Future

Castoro One

Delivery Q3 11

DP3 Vessel designed to S-lay large-diameter pipelines up to 48". Capable of operating in harsh environments and ultra-deepwater. High productivity, high transit speed (14 knots). Pipe storage capacity of 25,000 t.

Engineering Capabilities

Engineering Centres:

- Milan
- Fano

R&D

Examples:

- Welding
- Field Joint Coating
- Trenching
- Repair

Conclusions





Conclusions

Context

- Short Term: E&P Investments Suffer, with Few Exceptions
 - ⇒ Oil Services Market Still Challenging
- Medium Term: Economy Recovery, Oil Price to stabilize at a level compatible with New Large-Field Development
 - ⇒ E&P Investment Accelerated Recovery:
 - to mitigate Reserve Replacement Declines
 - to tackle New 'Tougher' Frontier Projects

Saipem

- Short Term: Proven Execution Capability, Record Backlog, Superior Industrial Model for Large/Complex Projects ⇒ More Resilient in Downturn
 - ⇒ Improve Efficiency, Nurture Competencies, Work with Clients
 - ⇒ Updated Guidance for 2009:
Revenues and EBIT to reach 2008 Record Level
- Medium Term: Continued Saipem Investment for 'Future Frontiers': including Ultra-Deepwater and Large/Difficult Pipeline Projects
 - ⇒ Accelerated Growth as Market Recovers